

1. BET IAC OPEB Concurrent Meeting Agenda 04-13-2023

Documents:

[BET IAC OPEB CONCURRENT MEETING AGENDA 04-13-2023.PDF](#)

1.I. SUB_TO_APP_BET IAC Meeting Minutes_03-09-2023

Documents:

[SUB_TO_APP_BET IAC MEETING MINUTES_03-09-2023.PDF](#)

2. SUB_TO_APP_BET IAC OPEB Concurrent Meeting Minutes 04-13-2023

Documents:

[SUB_TO_APP_BET IAC OPEB CONCURRENT MEETING MINUTES 04-13-2023.PDF](#)

3. APPROVED_BET IAC OPEB Concurrent Meeting Minutes 04-13-2023

Documents:

[APPROVED_BET IAC OPEB CONCURRENT MEETING MINUTES 04-13-2023.PDF](#)



TOWN OF GREENWICH

**BOARD OF ESTIMATE & TAXATION
INVESTMENT ADVISORY COMMITTEE and OPEB TRUST BOARD
CONCURRENT MEETING**

Thursday, April 13, 2023 – 10:00 A.M.

**Mazza Room
1st Floor, Town Hall**

AGENDA

1. Approval of the BET Investment Advisory Committee Meeting Minutes of March 9, 2023
2. Review of current market conditions and OPEB Trust Portfolio performance results as of March 31, 2023 – Brian D. Binkley, Vanguard Institutional Advisory Services:
3. Review of Treasury Reports:
 - Town's cash position and invested cash allocations on March 31, 2023
 - Bank interest rates and ECR
 - Investments in U.S. Treasury Bills
 - CD Portfolio holdings
 - General Fund monthly cash flows: actual for March 2023 and projected for the remainder of fiscal year 2023
4. Old Business
5. New Business
6. Adjournment

Next IAC Meeting: Thursday, May 11, 2023 at 9:00 A.M. in the Mazza Room

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
INVESTMENT ADVISORY COMMITTEE (IAC)
MEETING MINUTES
March 9, 2023**

Present:

IAC Members: William Drake, Chairman, Harry Fisher, Miriam Kreuzer (phone)

Staff: Joan Lynch, Assistant to the Treasurer, Peter Mynarski, Comptroller;
Nataliya Yemets, Treasurer

BET Members: Dan Ozizmir, BET Chairman; Leslie Tarkington

The meeting was called to order at 9:11 A.M.

1. Approval of the BET Investment Advisory Committee Meeting Minutes of February 13, 2023

Mr. Fisher made a motion to approve the February 13, 2023 meeting minutes, seconded by Mr. Drake. The vote was 3-0-0 to approve the February 13, 2023 meeting minutes.

2. Update on the OPEB Trust Portfolio market value as of February 28, 2023

- Ms. Yemets reviewed the OPEB Trust Portfolio performance results for the month of February and fiscal year-to-date through February 28th. The OPEB Trust Portfolio ended the month of February with a market value of \$40.6 million, which includes a loss of \$1.2 million for the month, and a gain of \$2.0 million for the fiscal year to date. Allocations as of the end of February were as follows: 44.7% with US Equities, 31.3% with non-US Equities, 19.3% with US Fixed Income, and 4.8% with non-US Fixed Income, all within IPS guidelines. No rebalancing required.

3. Review of Treasury Reports

- **Town's cash position and invested cash allocations on February 28, 2023**

Ms. Yemets presented the February 28, 2023 Treasurer's Report, showing a General Fund cash balance of \$208.9 million, and made several comments regarding its contents. General Fund appreciation for the month of February was \$656,183. The total Town Cash position, including OPEB (excluding Retirement) was \$374.0 million. Fiscal YTD appreciation for the General Fund was \$3.4 million. It was noted that the balance in Capital Non-Recurring is \$8.5 million, higher than expected due to projects being closed out.

Ms. Yemets provided a schedule of invested cash allocations and noted that about 5% of all cash (excluding Retirement and OPEB) is held at the banks (JPM, TD, Webster), with the majority of cash funds invested in CT STIF (47.1%), US Treasuries (41.5%), and the CD Program (6.4%). Balances are slightly higher with JP Morgan due to the timing of payroll funding required on March 1st.

- **Bank interest rates and earnings credit rates**

Ms. Yemets reviewed interest rates and earnings credit rates for each bank, Certificates of Deposit and U.S. Treasuries, noting that interest rates have increased across the board in February, and all rates are being monitored regularly. JPMorgan raised their rate mid-February to 3.12%, TD increased to 2.75% and went up to 3% effective March 1, Webster is at 2.15% with nominal balances held at Webster, STIF was 4.61% on February 28th and is now 4.65%, the CD Program is 1.98%. US Treasury rates as of February 28th were 4.88% for 3-months, 5.17% for 6-months, 5.02% for 12-months and 3.92% for 10-year. Mr. Fisher commented the yield curve is more inverted than it has been since 1980, and he does not recall ever seeing an inversion on the short end with the 12-month rate being lower than the 6-month US Treasury rate.

- **Investments in U.S. Treasury Bills**

Ms. Yemets reviewed a schedule of all U.S. Treasury investments which total \$141 million as of February 28, 2023, showing trade date, maturity date, quantity, price and yield to maturity for each bill. The schedule showed total investments in U.S. Treasuries for the General Fund of \$94 million (face value), Capital Projects Fund of \$33 million, ARP COVID Recovery Fund of \$8 million, Capital Non-Recurring Fund of \$3 million and Sewer Maintenance Fund of \$3 million.

Ms. Yemets commented that the next maturity date for US Treasuries will be in April 2023, at which time the funds will likely be rolled over.

- **General Fund monthly cash flows: actual for February 2023 and projected for the remainder of fiscal year 2023**

Ms. Yemets presented the Cash Report for the General Fund cash flows and balances through February 28, 2023. Tax collections were \$19.7 million, and the Town received BOE grants of \$2.7 million. Total inflows were \$25.9 million, and total outflows were \$32.0 million, for net cash outflow of \$6.1 million in February. Cash ending balance was \$208.9 million. Mr. Fisher asked about the NW transfer line which reduces total outflows from the General Fund on the cash report. Ms. Yemets explained how this amount represents cash swept from NW into the General Fund. Some discussion ensued on the topic of fund cash transfers.

Mr. Ozizmir stated that at the Budget Meeting the previous day, the budgeted Interest Income for fiscal year 2023-24 was increased to \$6 million, and he commended the work of Treasury and Finance in managing this in a diligent and smart way, thereby maximizing interest earned using short-term safe investment strategies.

4. **Old Business** – None

5. **New Business** – None

6. **Adjournment**

Upon a motion by Mr. Drake, seconded by Mr. Fisher, to adjourn the Regular Meeting of the Investment Advisory Committee at 9:36 AM, the Committee voted 3-0-0 to adjourn.

Joan Lynch, Recording Secretary

William Drake, Chairman, Investment Advisory Cmte

The next meeting of the IAC will be a concurrent meeting of the IAC and the OPEB Trust Board on Thursday, April 13, 2023 at 10:00 A.M. in the Mazza Room.

SUBJECT TO APPROVAL

**TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION**

**Concurrent meeting of
Investment Advisory Committee (IAC) and
Other Post-Employment Benefits (OPEB) Trust Board
Meeting Minutes**

April 13, 2023

Present:

IAC Members: William Drake, Chairman, Harry Fisher, Miriam Kreuzer, David Weisbrod

OPEB Trust Board: William Drake, Miriam Kreuzer

Staff: Joan Lynch, Assistant to the Treasurer, Nataliya Yemets, Treasurer

Guests: Brian Binkley, Vanguard

BET Members: Laura Erickson, Leslie Tarkington

The meeting was called to order at 10:00 A.M.

1. Approval of the BET IAC Meeting Minutes of March 9, 2023

Mr. Fisher made a motion to approve the March 9, 2023 meeting minutes, seconded by Ms. Kreuzer. The vote was 4-0-0 to approve the March 9, 2023 meeting minutes.

2. Review of current market conditions and OPEB Trust Portfolio performance results as of March 31, 2023 – Brian D. Binkley, Vanguard Institutional Advisory Services

Mr. Binkley started with a recap of the overall market which is consistent with OPEB's performance. Despite all the volatility, equity markets were up 7.2% for US equities and 6.4% for International equities for the quarter ended March 31, 2023. Large cap stocks have been outperforming the market (mainly growth/tech stocks), with 20 stocks accounting for the gains in the market this year (mostly technology stocks). On a YTD basis, energy stocks and financials are down slightly for the quarter after doing well last year. Mr. Binkley reviewed the yield curve, which remains inverted, and noted that as of March 31, 2023, the rates are starting to decline for the longer durations, which has contributed to 3% positive returns in OPEB's fixed income (both US and non-US) for the current quarter. Vanguard believes the Federal Reserve will still hike interest rates another 25 basis points in May, and possibly once more after that.

Mr. Binkley then reviewed OPEB Trust performance, noting overall gains of 2.60%, 6.03% and 7.78% for the month, quarter and fiscal year-to-date (FYTD). For the year ended March 31, 2023, the OPEB Trust return was -6.43%. He reviewed asset allocation for the OPEB Trust, noting all are in line with targets. FYTD returns for individual funds are as follows: Total Stock Market Index Fund up 9.70%, International Stock Index Fund up 9.47%, Total Bond Market Index Fund up 0.01%, and Total International Bond Index Fund

up 0.08%. Reflected in dollars, the OPEB Trust gained \$1.1 million for the month of March, and gained \$3.08 million for the FYTD, resulting in OPEB Trust balance of \$41.7 million as of March 31, 2023.

Mr. Binkley then reviewed Vanguard's expected return for the OPEB Trust, currently calculated at 7.05% (at the median) based on expected returns by asset class. As of one year ago March 2022, the median expected return was calculated at 6%. The increase is due mainly to increases in Fixed Income expected returns.

He also reviewed a histogram of returns for a 75/25 portfolio over the past 100 years, noting that calendar year 2022 was one of the worst years during that time period. But for rolling 3-year, 5-year and 10-year periods, the returns are favorable (with no 10-year rolling average returns being negative).

Mr. Binkley stated that the market is currently pricing in 2-3 interest rate cuts. Vanguard does not agree that these rate cuts will happen in calendar year 2023, and still thinks there is a chance of a recession later this year or possibly into 2024.

3. Review of Treasury Reports

- **Town's cash position and invested cash allocations on March 31, 2023**

Ms. Yemets presented the March 31, 2023 Treasurer's Report, showing a General Fund cash balance of \$176,387,783 and made several comments regarding its contents. Total appreciation for the General Fund was \$771K for the month of March, and \$4.2 million for FYTD. The total Town Cash position, including OPEB (excluding Retirement) was \$345,171,015. She noted that less than 2% of all cash (excluding Retirement and OPEB) is held at the banks (JPM, TD, Webster), with the majority of cash funds invested in US Treasuries (65%), CT STIF (26%), and the CD Program (7%). She noted that funds were transferred into US Treasuries as liquidity allowed.

Ms. Yemets reviewed the schedule of invested cash allocations, and discussed the interest rates, noting that interest rates continue to change rapidly.

- **Bank interest rates and ECR**

Ms. Yemets reviewed interest rates and earnings credit rates for each bank, Certificates of Deposit and U.S. Treasuries, noting that interest rates have increased at all banks, and are being monitored regularly. She noted that in March, TD's rate increased to 3%, and STIF's rate has continued to increase up to 4.8% as of April 12th. CD rates are at and slightly above 5%.

- **Investments in U.S. Treasury Bills**

Ms. Yemets reviewed a schedule of all US Treasury investments which total \$114.0 million in the General Fund as of March 31st, showing trade date, maturity date, quantity, price and yield to maturity for each bill. The schedule also showed total investments in US Treasuries for the Capital Projects Fund (\$53.5 million), ARP COVID Recovery Fund (\$13.0 million), Capital Non-Recurring Fund (\$7.0 million) and Sewer Maintenance Fund (\$13.0 million).

Ms. Yemets noted that in the General Fund, \$20 million of US Treasuries matured on April 6th, and these funds will be used for payroll and other liquidity needs, therefore not being reinvested. Treasuries maturing between now and June will be used for liquidity needs.

- **CD Portfolio holdings**

As of March 31, 2023, the total CD portfolio consisted of 91 holdings, one of them being US Treasuries for \$500K. Total maturities were \$21.4 million, with current weighted average maturity of 1.4 years, and weighted average yield is 2.136%. FNC has discretion to roll over maturing CD's within guidelines, but they contact Ms. Yemets whenever large amounts are maturing, and they are in regular contact. Yields currently range from 15 bps to 5%, all IDC rankings are 165 or higher, and all positions are below FDIC limit of \$250,000.

- **General Fund monthly cash flows: actual for March 2023 and projected for the remainder of fiscal year 2023**

Ms. Yemets presented the Cash Report for the General Fund through March 31, 2023. Total inflows were \$8.5 million, and total outflows were \$41.0 million, for net cash outflow of \$32.5 million in March, resulting in an ending cash balance for the General Fund of \$176.4 million. Ms. Yemets noted that cash collections for TNW for the month were approximately \$3.37 million, and full year estimated cash collections for TNW is based on prior year averages (currently shown as \$24.3 million for full year, with collections forecasted to be \$2.1 million per month for April, May and June).

4. **Old Business** – none

5. **New Business** – Ms. Kreuzer asked for the Treasury Department's perspective on how the relationship was working with Vanguard, so a brief discussion was had on this topic.

6. **Adjournment**

Upon a motion by Mr. Fisher, seconded by Ms. Kreuzer, to adjourn the Concurrent Meeting of the IAC and OPEB Trust Board at 10:56 A.M, the Committee voted 4-0-0 to adjourn.

Joan Lynch, Recording Secretary

William Drake, Chairman, Investment Advisory Cmte

The next meeting of the IAC will be held on Thursday, May 11, 2023 at 9:00 A.M. in the Mazza Room.



**TOWN OF GREENWICH
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Joan Lynch, Recording Secretary



William Drake, Chairman, Investment Advisory Cmte

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